

EXPERIENCE STUDY – STATE TEACHERS’ RETIREMENT SYSTEM

Executive Summary

General

The principal results of the five-year experience study can be summarized as follows:

- **Experience indicates that changes should be made for the following :**
 - ❑ Rates of retirement for active members; increase in total plan cost
 - ❑ Rates of disability for active members; decrease in total plan cost
 - ❑ Rates of withdrawal for active members; decrease in total plan cost
 - ❑ Rates of salary increases for active members; decrease in total plan cost
 - ❑ Rates of mortality for retired members; increase in total plan cost
 - ❑ Rates of mortality for disabled members; increase in total plan cost
- **Nature and effect of changes:**
 - ❑ Proposed changes are based on both actual past and anticipated future experience
 - ❑ Overall, proposed changes produce a total plan cost slightly greater than that under the current assumptions

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Executive Summary (continued)

- **Retirement**

- ❑ Propose decreasing rate at age 55, increasing rates at other ages, and adding gender distinct rates
- ❑ Propose different rates for members retiring with less than 20 years of service and members retiring with 20 or more years of service
- ❑ Proposed assumptions increase total plan cost

- **Disability**

- ❑ Propose significant decrease in rates at all ages
- ❑ Propose decrease in the ratio of accidental disabilities to total disabilities
- ❑ Proposed assumptions decrease total plan cost

- **Withdrawal**

- ❑ Propose service based table up to 10 years of service and age based thereafter with gender distinct rates
- ❑ Proposed assumptions decrease total plan cost

- **Post-Retirement Mortality**

- ❑ Propose adopting RP-2000 table projected for 10 years with improved mortality (with adjustments based on experience results) until more experience determined
- ❑ Propose separate tables by gender
- ❑ Propose separate tables for members who retired under disability provisions
- ❑ Generally, proposed rates assume longer life expectancy
- ❑ Proposed assumptions increase total plan cost

- **Salary Increases**

- ❑ Current assumption is 6.0% at all ages
- ❑ Propose adopting age/service based table with ultimate assumption of 4.75%
- ❑ Proposed assumptions decrease total plan cost